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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 16, 2001

APPLICATION OF

CITYNET TELECOM OF VIRGINIA, INC.

CASE NO. PUC000229

For certificates of public
convenience and necessity to
provide local exchange and
interexchange telecommunications
services

FINAL ORDER

On August 17, 2000, CityNet Telecom of Virginia, Inc.
("CityNet" or "Applicant"), filed an application for
certificates of public convenience and necessity
("certificates") with the State Corporation Commission
("Commission") to provide local exchange and interexchange
telecommunications services throughout the Commonwealth of
Virginia. The Applicant also requested authority to price its
interexchange telecommunications services on a competitive basis
pursuant to § 56-481.1 of the Code of Virginia.

By Order dated September 8, 2000, the Commission directed
the Applicant to provide notice to the public of its
application, directed the Commission Staff to conduct an
investigation and file a Staff Report, and scheduled a public
hearing to receive evidence relevant to CityNet's application.

CityNet filed proof of publication and proof of service as required by the September 8, 2000, Order on October 25, 2000.

On December 7, 2000, the Staff filed its report finding that CityNet's application was in compliance with 20 VAC 5-400-180, the Rules Governing the Offering of Competitive Local Exchange Telephone Service ("Local Rules"), and 20 VAC 5-400-60, the Rules Governing the Certification of Interexchange Carriers ("IXC Rules"). Based upon its review of CityNet's application and unaudited financial statements, the Staff determined it would be appropriate to grant both local exchange and interexchange certificates to the Applicant subject to two conditions: (1) any customer deposits collected by CityNet be retained in an unaffiliated third-party escrow account until such time as the Staff or Commission determines it is no longer necessary; and (2) CityNet shall provide audited financial statements of its parent, CityNet Telecommunications, Inc., to the Division of Economics and Finance no later than one (1) year from the effective date of CityNet's initial tariff.

A hearing was conducted on December 19, 2000. At the hearing, the application and accompanying attachments and the Staff Report were entered into the record without objection. No public witnesses appeared. By Counsel, CityNet agreed to the conditions contained in the Staff Report.

NOW UPON CONSIDERATION of the application and the Staff Report, the Commission finds that CityNet's application should be granted. Having considered § 56-481.1 of the Code of Virginia, the Commission also finds that CityNet may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) CityNet Telecom of Virginia, Inc., is hereby granted a certificate of public convenience and necessity, No. TT-126A, to provide interexchange telecommunications services subject to the restrictions set forth in the IXC Rules and § 56-265.4:4 of the Code of Virginia and the provisions of this Order.

(2) CityNet Telecom of Virginia, Inc., is hereby granted a certificate of public convenience and necessity, No. T-531, to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules and § 56-265.4:4 of the Code of Virginia and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, CityNet may price its interexchange telecommunications services competitively.

(4) CityNet shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) Should CityNet collect customer deposits, it shall establish and maintain an escrow account, held by an

unaffiliated third party for such funds, and shall notify the Division of Economics and Finance of the escrow arrangement. Any escrow arrangement established pursuant to this Order shall be maintained for such time as the Staff or Commission determines is necessary.

(6) CityNet shall provide audited financial statements of its parent, CityNet Telecommunications, Inc., to the Division of Economics and Finance no later than one (1) year from the effective date of CityNet's initial tariff.

(7) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the file for ended causes.